

BEFORE THE
Federal Communications Commission
WASHINGTON, D. C.

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

GN Docket No. 93-252

In the Matter of)
)
Implementation of)
Sections 3(n) and 332 of)
Communications Act)
)
Regulatory Treatment of)
Mobile Services)

TO: The Commission

REPLY COMMENTS OF PAGING NETWORK, INC.

Paging Network, Inc. ("PageNet") hereby submits its reply comments in the above captioned proceeding.¹

The comments filed by the paging industry representatives and companies virtually all support the positions taken by PageNet, to wit: paging carriers, including those deploying store and forward equipment, are commercial mobile service providers ("CMS") under 47 U.S.C. Section 332(d)(1), and are statutorily guaranteed interconnection under Section (c)(1)(B). PageNet will not belabor these critical points again here. With respect to interconnection more generally, however, PageNet believes it important to address the sporadic suggestion that commercial mobile service providers should be required to establish interconnection with other

¹ Implementation of Sections 3(n) and 332 of the Communications Act; Regulatory Treatment of Mobile Services, Notice of Proposed Rulemaking, FCC 93-252, rel. Oct. 8, 1993.

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commercial mobile service providers. PageNet's comments in this regard are specific to the regulatory obligations PageNet thinks appropriate for the FCC to impose upon paging carriers.

PageNet contends that interconnection obligations only make sense in the context of an industry dominated by one or two providers and marked by bottleneck facilities. PageNet's Comments (at 25-29) make clear, for example, the appropriateness of the Omnibus Budget Reconciliation Act's affirmation of local exchange carrier obligations to interconnect on reasonable terms and conditions with CMS providers, and the need to affirm the LEC's obligation to interconnect with private paging carriers on reasonable terms and conditions. These obligations result in substantial part from the fact that local exchange companies control bottleneck facilities which are necessary for paging carriers to originate and carry calls initiating pages.

There are no such bottleneck facilities in the paging industry. As discussed more fully in PageNet's Comments (at 18-23), the paging industry is characterized by vigorous competition. With increasing numbers of competitors entering the market and more spectrum continually being allocated by the FCC, competition in the paging industry abounds and no one provider wields market power. Paging providers, therefore, have every opportunity to compete in the paging industry, and do not need to rely on the FCC to perpetuate competition. In this context, interconnection requirements are meaningless since consumer demand will decide the extent of interconnection.

The only possible justification paging providers have for seeking interconnection requirements is to utilize other providers' facilities without incurring the costs associated with building their own networks. Interconnection obligations, therefore, will only result in anti-competitive effects as paging providers simply rely on the networks of others and have no incentive to create new networks.

In addition to decreasing incentives to build new networks, interconnection obligations create disincentives to building out already existing networks. Paging providers required to allow others to interconnect their networks will need to build out their networks in order to accommodate the new providers' use. Such building out will subject the original provider to substantial risk because the new entrants may decide to move to other networks.² This, in turn, decreases the initial incentive of paging providers to build out their networks and utilize their frequencies to the fullest possible extent.

In sum, PageNet asserts that the imposition of interconnection requirements upon paging carriers would only serve to suppress competition in the paging industry by allowing some providers to depend on others for their interconnected networks. The absence of such a requirement will continue to promote competition by (1) encouraging paging providers to build their own systems as expeditiously as possible instead of relying on other

² cf. Petitions for Rulemaking Concerning Proposed Changes to the Commission's Cellular Resale Policies, Report and Order, 7 FCC Rcd. 4006 (1992).

providers' networks; (2) assuring that already existing providers will build out their networks; and (3) stimulating the fullest possible utilization of the spectrum.

Respectfully submitted,

PAGING NETWORK, INC.

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November 23, 1993

CERTIFICATE OF SERVICE

Pursuant to ¶ 82 of the Notice, copies of the foregoing Reply
Comments have been delivered to the following:

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